

Message Text

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ACTION STR-07

INFO OCT-01 NEA-11 IO-13 ISO-00 SSO-00 STRE-00 INRE-00

NSCE-00 ICAE-00 AGRE-00 CEA-01 CIAE-00 COME-00

DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 ITC-01

TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 /109 W

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O R 111207Z MAY 78

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 1546

INFO USMISSION GENEVA

LIMITED OFFICIAL USE NEW DELHI 7457

E.O. 11652: N/A

TAGS: ETRD, GATT, IN

SUBJECT: GATT, INDIAN ARTICLE XXV WAIVER FOR AUXILIARY CUSTOMS
DUTY

REF: STATE 117340

1. LEVEL OF AUXILIARY DUTY: WHILE IT IS POSSIBLE
THAT AUXILIARY DUTY RATE IS ZERO OR FIVE PERCENT FOR ALMOST
ALL SCHEDULE XII ITEMS, EMBASSY DOES NOT HAVE ENOUGH
INFORMATION TO MAKE A FINAL DETERMINATION ON THIS. THE
FOLLOWING ARE THE PIECES OF THE PUZZLE.

2. THE SCHEDULE XII LIST AS OF MAY 1, 1975, A COPY OF
WHICH THE MINISTRY OF COMMERCE HAS PROVIDED US, CONTAINS
SLIGHTLY OVER 200 ITEMS. ON THE BASIS OF THE DUTIES IN
EFFECT AT THAT TIME ON THOSE ITEMS, IT WAS TRUE THAT ONLY
A FEW ITEMS INCURRED AN AUXILIARY DUTY OF OVER FIVE PERCENT.
ON MARCH 16, 1976, HOWEVER, THE GOI RAISED THE BASIC TARIFFS
ON ABOUT 130 OF THESE ITEMS. AS A RESULT OF THIS INCREASE,
THE LARGE MAJORITY OF THESE ITEMS INCURRED AN AUXILIARY DUTY

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OF FIFTEEN OR TWENTY PERCENT. (SEE NEW DELHI A-82
OF APRIL 6, 1976. THE GATT DOCUMENT CITATION PROVIDED
BY THE MINISTRY OF COMMERCE IS SECRET/232/ADD.2 OF
30 NOVEMBE 1976.) MINCOMMERCE OFFICIALS TELLS US THAT
THESE 130 ITEMS HAVE BEEN REMOVED FROM SCHEDULE XII BY
THE GOI'S ACTION, ALTHOUGH NEGOTIATIONS UNDER ARITCLE
XXVIII HAVE NOT BEEN COMPLETED.

3. IF ONLY THE SEVENTY-ODD ITEMS UNTOUCHED BY THE TARIFF INCREASE OF 1976 ARE CONSIDERED TO STILL BE ON SCHEDULE XII, THEN IT CONTINUES TO BE TRUE THAT THE LARGE MAJORITY INCUR AUXILIARY DUTIES OF ZERO OR FIVE PERCENT. IF, ON THE CONTRARY, 130 ODD ITEMS ARE STILL INCLUDED IN SCHEDULE XII BECAUSE OF THE STATUS OF NEGOTIATIONS, THEN THE MAJORITY OF SCHEDULE XII ITEMS INCUR AUXILIARY DUTIES OF FIFTEEN PERCENT OR HIGHER.

4. THE SITUATION IS COMPLICATED BY THE FACT THAT THE MINISTRY OF FINANCE CAN EXEMPT ANY ITEM FROM AUXILIARY DUTY BY ISSUING AN OFFICIAL NOTIFICATION. THESE NOTIFICATIONS ARE NOT CODIFIED AND IT WOULD BE VERY DIFFICULT FOR THE EMBASSY-TO ASCERTAIN IN WHICH CASES NOTIFICATIONS HAVE BEEN ISSUED.

5. ACCORDING TO THE MINISTRY OF COMMERCE OF THE SEVENTY-ODD ITEMS, ONLY TWELVE ACTUALLY HAVE AN AUXILIARY DUTY LEVIED. THE AUXILIARY DUTY IS TWENTY PERCENT ON ONE ITEM, FIFTEEN PERCENT ON ONE ITEM, AND FIVE PERCENT ON TEN ITEMS. THE APPROXIMATELY SIXTY REMAINING ITEMS HAVE A ZERO AUXILIARY DUTY RATE. THE MINISTRY OF COMMERCE HAS PROVIDED US ON AN UNOFFICIAL BASIS A LIST OF THESE ITEMS SHOWING THE VALUE OF INDIAN IMPORTS IN 1976-77. COPIES WILL BE FURNISHED.
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6. BY WAY OF BACKGROUND IT SHOULD BE UNDERSTOOD THAT THE "AUXILIARY DUTY" IS ESSENTIALLY A TARIFF SURCHARGE WHICH VARIES ACCORDING TO TRANCHES OF THE EFFECTIVE BASIC IMPORT DUTIES. THE EXISTING AUXILIARY DUTIES ARE (1) 20 PERCENT IF THE BASIC DUTY IS 100 PERCENT OR MORE AD VALOREM; (2) 15 PERCENT IF BASIC DUTY IS BETWEEN 60 AND 100 PERCENT; (3) 50 PERCENT IF BASIC DUTY IS (A) LESS THAN 60 PERCENT OR (B) AT A SPECIFIC RATE, OR (C) AT BOTH A SPECIFIC AND AD VALOREM RATE; (4) RS.9.50 (\$1.12 AT \$1.00 - RS.8.50) PER MT FOR CRUDE PETROLEUM. ITEMS WITH ZERO BASIC DUTY ARE EXEMPTED FROM AUXILIARY DUTIES.

7. NATURE OF AUXILIARY DUTIES: INDIAN GATT REP HAS CONFUSED AUXILIARY DUTIES WITH THE ADDITIONAL" OR "COUNTERVAILING" DUTY. THE AUXILIARY DUTY IS A TARIFF SURCHARGE AIMED AT RAISING ADDITIONAL REVENUE. THE COUNTERVAILING DUTY IS EQUAL TO THE DOMESTIC EXCISE DUTY LEVIED ON LIKE ARTICLES MANUFACTURED IN INDIA.
GOHEEN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, EXCEPTIONS LIST, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 11 may 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
Expiration:
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Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780569/aaaacgsu.tel
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Litigation Codes:
Litigation History:
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Previous Handling Restrictions: ONLY
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Review Transfer Date:
Review Withdrawn Fields: n/a
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